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SUBJECT: INDONESIAN PRESIDENT STARTS SECOND TERM ON A

POSITIVE NOTE

REF: A. JAKARTA 01360

**B. 01727 AND PREVIOUS

11. (SBU) SUMMARY: A packed house of enthusiastic well-wishers watched as President Yudhoyono and Vice President-elect Boediono were sworn into office on October 120. The inauguration was attended by five heads of state and special delegations from eight countries, including THE U.S. Presidential Delegation led by EPA Administrator Lisa Jackson. President Yudhoyono began his second term by laying out his key goals for the next five years: improved prosperity, a stronger democracy, a corruption-free society and Indonesian global leadership on critical issues such as climate change and environmental protection. END SUMMARY.

FLAWLESS CEREMONY WAS WELL ATTENDED

12. (SBU) The Government of Indonesia worked hard to ensure that all went smoothly at President Yudhoyono and Vice President Boediono's inauguration and they succeeded. Seemingly hundreds of officials from the Parliament's protocol office were on hand to guide the guests through security checks and into their seats. Nearly every member of Parliament was there -- 647 of the 692 members -- as well as former President Habibie and former vice presidents Kalla and Try Sutrisno along with outgoing cabinet members. Thirteen foreign delegations attended, including heads of state/government from Australia, Singapore, Timor Leste, Malaysia and Brunei. The U.S. Presidential Delegation led by Environmental Protection Agency Administrator Lisa P. Jackson included Ambassador Cameron Hume and Ambassador David Merrill.

ONE NOTABLE ABSENCE

13. (SBU) The only notable absence from the ceremony was former President Megawati Sukarnoputri, President Yudhoyono's primary contender in the presidential race. Her husband, Taufik Kiemas, received Yudhoyono's support in his recent successful bid to secure the position of Speaker of the People's Consultative Assembly. As speaker Kiemas presided over the ceremony and their daughter, a newly elected MP, attended the ceremony. It was rumored that Taufik had promised Yudhoyono his wife would attend. Observers noted that her absence probably indicates that the party she leads, PDI-P, will not join the government.

THE PRESIDENT'S MESSAGE: OUR GREATEST CHALLENGES LIE AHEAD

14. (SBU) President Yudhoyono began his second term by extending the olive branch to his defeated competitors, saying that no one had lost because democracy in Indonesia was a victory for everyone. In a brief speech, he hit the key notes of his vision for Indonesia: improved welfare for the people; a stronger democracy and a just society. He vowed to encourage fair, inclusive economic growth, noting that Indonesia had weathered the global crisis by growing 4 % in the last two quarters. He emphasized that he is determined to protect people's human rights without sacrificing naitonal security. Our greatest challenges, he stressed, lie ahead.

INDONESIA TO BECOME A TRUE WORLD LEADER

15. (SBU) President Yudhoyono promised his citizens that Indonesia would become a true world leader, with "a million friends and zero enemies" (see reftel). Nodding to the foreign delegations, he proclaimed their attendance was a sign of Inodonesia's good bilateral relationships with their countries. Indonesia would take the lead, he said, in climate change and environmental protection, continuing to negotiate for a solution before the December Copenhagen summit. Indonesia would also encourage global harmony and multilateral diplomacy through the UN and ASEAN and in implementing Millennium Development goals. At home, he is determined to protect people's human rights without sacrificing national stability.